

TOWN OF GRAND COTEAU, LOUISIANA  
FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2012

## TABLE OF CONTENTS

	<u>PAGE</u>
<u>INDEPENDENT AUDITOR'S REPORT</u>	1-2
<u>FINANCIAL SECTION</u>	
<u>BASIC FINANCIAL STATEMENTS</u>	3
<u>GOVERNMENT-WIDE FINANCIAL STATEMENTS</u>	
Statement of Net Assets	4
Statement of Activities	5
<u>FUND FINANCIAL STATEMENTS</u>	
Balance Sheet - Governmental Funds	6
Reconciliation of Governmental Funds' Balance Sheet to the Statement of Net Assets	7
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	8
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statements of Activities	9
Statement of Net Assets - Proprietary Funds	10-11
Statement of Revenues, Expenses, and Changes in Net Assets - Proprietary Funds	12
Statement of Cash Flows - Proprietary Funds	13-14
Notes to Basic Financial Statements	15-30
<u>REQUIRED SUPPLEMENTARY INFORMATION</u>	
<u>BUDGETARY COMPARISON SCHEDULES</u>	
General Fund	31
Sales Tax Fund	32
2010 Sales Tax Fund	33
<u>OTHER SUPPLEMENTARY INFORMATION</u>	
<u>MAJOR GOVERNMENTAL FUNDS</u>	
General Fund -	34
Balance Sheet	35
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	36
Detailed Schedule of Revenues - Budget and Actual	37
Detailed Schedule of Expenditures - Budget and Actual	38-40

## TABLE OF CONTENTS

	<u>PAGE</u>
Special Revenue Funds	41
Sales Tax Fund	
Balance Sheet	42
Statement of Revenues, Expenditures, and Changes in Fund	
Balance - Budget and Actual	43
2010 Sales Tax Fund	
Balance Sheet	44
Statement of Revenues, Expenditures, and Changes in Fund	
Balance - Budget and Actual	45
 <u>COMPLIANCE AND INTERNAL CONTROL</u>	
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	46-47
Schedule of Findings and Responses	48-49
Schedule of Prior Year Findings	50
 <u>OTHER SUPPLEMENTARY SCHEDULES</u>	
Enterprise Funds -	
Schedule of Operating Expenses	51-52
Combined Schedule of Bonds Payable	53
Combined Schedule of Investments - All Funds	54
Schedule of Insurance in Force - Unaudited	55
Schedule of Compensation Paid to Mayor and Council	56

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor,  
 and Members of the Board of Aldermen and Alderwomen  
 Grand Coteau, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Grand Coteau, Louisiana, as of and for the year ended June 30, 2012, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Grand Coteau, Louisiana, as of June 30, 2012, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 26, 2012, on our consideration of the Town of Grand Coteau's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The required supplementary information on pages 31 through 33 are not a required part of the basic financial statements but are required by the Government Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



The Honorable Mayor,  
and Members of the Board of Aldermen and Alderwomen  
Page 2

The Town of Grand Coteau has not presented management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Grand Coteau, Louisiana's basic financial statements as a whole. The other supplementary information on pages 34 through 45 and pages 51 through 56 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information, except for that portion marked "unaudited" on which we express no opinion has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

*John S. Dauling & Company*

Opelousas, Louisiana  
December 26, 2012

FINANCIAL SECTION

### BASIC FINANCIAL STATEMENTS

The Town of Grand Coteau's basic financial statements are comprised of the following three components:

Government-wide financial statements – provide readers with a broad overview of the Town of Grand Coteau's finances in a manner similar to a private sector business.

Fund financial statements – provide readers information with an emphasis on inflows and outflows of resources useful for making decisions in a budgetary context where the focus is on meeting the Town's near-term financial needs.

Notes to basic financial statements – provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

TOWN OF GRAND COTEAU, LOUISIANA  
STATEMENT OF NET ASSETS  
JUNE 30, 2012

	PRIMARY GOVERNMENT		
	GOVERNMENTAL	BUSINESS-TYPE	
	ACTIVITIES	ACTIVITIES	TOTAL
<u>ASSETS</u>			
Cash and cash equivalents	\$ 125,138	\$ 109,215	\$ 234,353
Investments	-	1,251	1,251
Receivables, (net of allowance for uncollectibles)	13,739	48,250	61,989
Accrued interest receivable	-	21	21
Due from other governments	23,058	-	23,058
Internal balances	21,373	(21,373)	-
Restricted assets		217,947	217,947
Capital assets (net)	1,193,079	2,395,875	3,588,954
<u>Total assets</u>	<u>1,376,387</u>	<u>2,751,186</u>	<u>4,127,573</u>
<u>LIABILITIES</u>			
Bank overdraft	5,505	-	5,505
Accounts payable and accrued expenses	24,466	8,328	32,794
Payable from restricted assets	-	48,972	48,972
Long-term liabilities			
Due within one year	9,414	24,662	34,076
Due in more than one year	19,417	250,331	269,748
<u>Total liabilities</u>	<u>58,802</u>	<u>332,293</u>	<u>391,095</u>
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	1,193,079	2,167,945	3,361,024
Restricted for:			
Customer deposits	-	64,219	64,219
Bond retirement	-	92,094	92,094
Unrestricted	124,506	94,635	219,141
<u>Total net assets</u>	<u>1,317,585</u>	<u>2,418,893</u>	<u>3,736,478</u>

The accompanying notes are an integral part of the basic financial statements.

**TOWN OF GRAND COTEAU, LOUISIANA**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2012**

	PROGRAM REVENUES				NET (EXPENSES) REVENUES AND CHANGES IN NET ASSETS		
	EXPENSES	FEES, FINES AND CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<b><u>FUNCTIONS / PROGRAMS</u></b>							
Governmental Activities							
General government	\$ 210,861	\$ -	\$ -	\$ -	\$ (210,861)	\$ -	\$ (210,861)
Public safety	452,918	174,239	-	-	(278,679)	-	(278,679)
Public works	201,991	-	-	-	(201,991)	-	(201,991)
Culture and recreation	2,868	-	-	-	(2,868)	-	(2,868)
<u>Total governmental activities</u>	<u>868,638</u>	<u>174,239</u>	<u>-</u>	<u>-</u>	<u>(694,399)</u>	<u>-</u>	<u>(694,399)</u>
Business-type Activities							
Gas	189,635	230,260	-	-	-	40,625	40,625
Water	132,193	166,027	30,902	-	-	64,736	64,736
Sewer	178,549	113,779	-	-	-	(64,770)	(64,770)
<u>Total business-type activities</u>	<u>500,377</u>	<u>510,066</u>	<u>30,902</u>	<u>-</u>	<u>-</u>	<u>40,591</u>	<u>40,591</u>
<u>Total primary government</u>	<u>1,369,015</u>	<u>684,305</u>	<u>30,902</u>	<u>-</u>	<u>(694,399)</u>	<u>40,591</u>	<u>(653,808)</u>
General revenues							
Taxes							
Property taxes, levied for general purposes					20,932	-	20,932
Sales taxes, levied for general purposes					269,184	-	269,184
Franchise taxes					57,577	-	57,577
Interest and investment earnings					-	1,191	1,191
Occupational licenses and other permits					46,025	-	46,025
Intergovernmental					241,156	-	241,156
Miscellaneous					25,236	-	25,236
Donation of fixed assets					39	-	39
Insurance proceeds					-	13,777	13,777
Loss on sale of capital assets					(10)	-	(10)
Transfers					178,110	(178,110)	-
<u>Total general revenues and transfers</u>					<u>838,249</u>	<u>(163,142)</u>	<u>675,107</u>
<u>Changes in net assets</u>					<u>143,850</u>	<u>(122,551)</u>	<u>21,299</u>
Net assets - July 1, 2011					<u>1,173,735</u>	<u>2,541,444</u>	<u>3,715,179</u>
Net assets - June 30, 2012					<u>1,317,585</u>	<u>2,418,893</u>	<u>3,736,478</u>

The accompanying notes are an integral part of the basic financial statements.

FUND FINANCIAL STATEMENTS

TOWN OF GRAND COTEAU, LOUISIANA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2012

	<u>GENERAL</u>	<u>SPECIAL REVENUE FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 32,155	\$ 92,983	\$ 125,138
Receivables, net of allowance for uncollectibles			
Taxes	2,134	-	2,134
Franchise	11,605	-	11,605
Intergovernmental	23,058	-	23,058
Due from other funds	6,247	24,431	30,678
<u>Total assets</u>	<u>75,199</u>	<u>117,414</u>	<u>192,613</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>LIABILITIES</u>			
Bank overdraft	\$ 5,505	\$ -	\$ 5,505
Accounts payable	18,531	5,935	24,466
Compensated absences payable	9,414	-	9,414
Due to other funds	4,699	4,606	9,305
<u>Total liabilities</u>	<u>38,149</u>	<u>10,541</u>	<u>48,690</u>
<u>FUND BALANCES</u>			
Restricted		106,873	106,873
Unassigned	37,050	-	37,050
<u>Total fund balances</u>	<u>37,050</u>	<u>106,873</u>	<u>143,923</u>
<u>Total liabilities and fund balances</u>	<u>75,199</u>	<u>117,414</u>	<u>192,613</u>

The accompanying notes are an integral part of the basic financial statements.



TOWN OF GRAND COTEAU, LOUISIANA  
RECONCILIATION OF THE GOVERNMENTAL FUNDS' BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS  
JUNE 30, 2012

Total fund balances for governmental funds at June 30, 2012		\$	143,923
Cost of capital assets at June 30, 2012	\$	2,106,200	
Less: Accumulated depreciation as of June 30, 2012	<u>(913,121)</u>		1,193,079
Elimination of interfund assets and liabilities			
Due from other funds	30,678		
Due to other funds	<u>(30,678)</u>		-
Long-term liabilities at June 30, 2012			
Compensated absences	<u>(19,417)</u>	<u>(19,417)</u>	
Net assets at June 30, 2012			<u>1,317,585</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF GRAND COTEAU, LOUISIANA  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2012

	GENERAL	SPECIAL REVENUE FUNDS	TOTAL GOVERNMENTAL FUNDS
<u>REVENUES</u>			
Taxes	\$ 78,509	\$ 269,184	\$ 347,693
Licenses and permits	46,025	-	46,025
Intergovernmental	241,156	-	241,156
Fines and forfeits	174,239	-	174,239
Miscellaneous	25,236	-	25,236
<u>Total revenues</u>	<u>565,165</u>	<u>269,184</u>	<u>834,349</u>
<u>EXPENDITURES</u>			
Current operating			
Executive and administrative	187,689	11,289	198,978
Street department	159,819	-	159,819
Police department	430,123	-	430,123
Fire department	12,721	-	12,721
Park department	137	-	137
Debt service	3,260	-	3,260
Capital outlay	15,426	-	15,426
<u>Total expenditures</u>	<u>809,175</u>	<u>11,289</u>	<u>820,464</u>
<u>EXCESS (DEFICIENCY) OF REVENUES</u>			
<u>OVER (UNDER) EXPENDITURES</u>	<u>(244,010)</u>	<u>257,895</u>	<u>13,885</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Donation of fixed assets	39	-	39
Proceeds on sale of asset	1,850	-	1,850
Transfers in	384,466	-	384,466
Transfers out	(782)	(205,574)	(206,356)
<u>Total other financing</u>			
<u>sources (uses)</u>	<u>385,573</u>	<u>(205,574)</u>	<u>179,999</u>
<u>NET CHANGE IN FUND BALANCES</u>	<u>141,563</u>	<u>52,321</u>	<u>193,884</u>
<u>FUND BALANCES (deficit),</u>			
beginning of year	<u>(104,513)</u>	<u>54,552</u>	<u>(49,961)</u>
<u>FUND BALANCES, end of year</u>	<u>37,050</u>	<u>106,873</u>	<u>143,923</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF GRAND COTEAU, LOUISIANA  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2012

Total net change in fund balances for the year ended June 30, 2012 per Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 193,884
Capital outlay which is considered expenditures on Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 15,426
Depreciation expense for year ended June 30, 2012	(85,017) (69,591)
Proceeds on sale of fixed assets	(1,860)
Principal payments made on capital lease considered expenditures on Statement of Revenues, Expenditures and Changes in Fund Balance	3,260
Differences between compensated absences on modified accrual basis versus accrual basis	18,157
<u>Total change in net assets for the year ended June 30, 2012 per Statement of Activities</u>	<u>143,850</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF GRAND COTEAU, LOUISIANA  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
JUNE 30, 2012

BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS				
	GAS FUND	WATER FUND	SEWER FUND	TOTAL ENTERPRISE FUNDS
<u>ASSETS</u>				
<u>CURRENT ASSETS</u>				
Cash and cash equivalents	\$ 40,094	\$ 46,578	\$ 22,543	\$ 109,215
Investments	1,251	-	-	1,251
Accounts receivable, net	18,378	18,191	11,681	48,250
Accrued interest receivable	9	-	12	21
Due from other funds	19,395	-	2,688	22,083
<u>Total current assets</u>	<u>79,127</u>	<u>64,769</u>	<u>36,924</u>	<u>180,820</u>
<u>RESTRICTED ASSETS</u>				
Cash	39,410	88,345	16,399	144,154
Investments	43,306	-	30,487	73,793
<u>Total restricted assets</u>	<u>82,716</u>	<u>88,345</u>	<u>46,886</u>	<u>217,947</u>
<u>PROPERTY AND EQUIPMENT</u>				
Utility plant, net	35,947	702,663	1,657,265	2,395,875
<u>Total assets</u>	<u>197,790</u>	<u>855,777</u>	<u>1,741,075</u>	<u>2,794,642</u>
<u>LIABILITIES AND NET ASSETS</u>				
<u>CURRENT LIABILITIES (from current assets)</u>				
Accounts payable	4,461	1,808	2,059	8,328
Due to other governmental agencies	4,000	4,000	4,000	12,000
Due to other funds	-	14,494	28,962	43,456
<u>Total</u>	<u>8,461</u>	<u>20,302</u>	<u>35,021</u>	<u>63,784</u>
<u>CURRENT LIABILITIES (from restricted assets)</u>				
Revenue bonds payable	-	8,000	4,662	12,662
Interest payable	-	810	-	810
Customers' deposits	33,312	14,850	-	48,162
<u>Total current liabilities</u>	<u>33,312</u>	<u>23,660</u>	<u>4,662</u>	<u>61,634</u>

Continued on next page.

The accompanying notes are an integral part of the basic financial statements.

TOWN OF GRAND COTEAU, LOUISIANA  
STATEMENT OF NET ASSETS (CONTINUED)  
PROPRIETARY FUNDS  
JUNE 30, 2012

	<u>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS</u>			
	<u>GAS FUND</u>	<u>WATER FUND</u>	<u>SEWER FUND</u>	<u>TOTAL ENTERPRISE FUNDS</u>
<u>NONCURRENT LIABILITIES</u>				
Revenue bonds payable	\$ -	\$ 46,000	\$ 169,268	\$ 215,268
Compensated absences	7,753	2,152	-	9,905
Due to other governmental agencies	8,386	8,386	8,386	25,158
<u>Total noncurrent liabilities</u>	<u>16,139</u>	<u>56,538</u>	<u>177,654</u>	<u>250,331</u>
 <u>Total liabilities</u>	 <u>57,912</u>	 <u>100,500</u>	 <u>217,337</u>	 <u>375,749</u>
<u>NET ASSETS</u>				
Invested in capital assets, net of related debt	35,947	648,663	1,483,335	2,167,945
Reserved for customer deposits	49,404	14,815	-	64,219
Reserved for bond retirement	-	49,870	42,224	92,094
Unrestricted	54,527	41,929	(1,821)	94,635
 <u>Total net assets</u>	 <u>139,878</u>	 <u>755,277</u>	 <u>1,523,738</u>	 <u>2,418,893</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF GRAND COTEAU, LOUISIANA  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2012

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			
	GAS FUND	WATER FUND	SEWER FUND	TOTAL ENTERPRISE FUNDS
<u>OPERATING REVENUES</u>				
Charges for services	\$ 214,454	\$ 165,277	\$ 113,774	\$ 493,505
Miscellaneous income	2,863	750	5	3,618
Reimbursements from other governments	12,943	-	-	12,943
<u>Total operating revenues</u>	<u>230,260</u>	<u>166,027</u>	<u>113,779</u>	<u>510,066</u>
<u>OPERATING EXPENSES</u>				
Personal services	43,434	25,761	21,163	90,358
Contractual services	65,705	-	4,430	70,135
Supplies	28,700	12,100	5,738	46,538
Other expenses	42,871	49,155	54,902	146,928
Depreciation	8,925	41,592	84,397	134,914
<u>Total operating expenses</u>	<u>189,635</u>	<u>128,608</u>	<u>170,630</u>	<u>488,873</u>
<u>OPERATING INCOME (LOSS)</u>	<u>40,625</u>	<u>37,419</u>	<u>(56,851)</u>	<u>21,193</u>
<u>NON-OPERATING REVENUES</u>				
<u>(EXPENSES)</u>				
Grants	-	30,902	-	30,902
Interest income	625	237	329	1,191
Insurance proceeds	13,777	-	-	13,777
Interest expense	-	(3,585)	(7,919)	(11,504)
<u>Total non-operating revenues</u>				
<u>(expenses)</u>	<u>14,402</u>	<u>27,554</u>	<u>(7,590)</u>	<u>34,366</u>
<u>INCOME (LOSS) BEFORE</u>				
<u>CONTRIBUTIONS AND TRANSFERS</u>	<u>55,027</u>	<u>64,973</u>	<u>(64,441)</u>	<u>55,559</u>
<u>OPERATING TRANSFERS IN (OUT)</u>				
Operating transfer in	16,503	852	2,001	19,356
Operating transfer out	(90,369)	(71,297)	(35,800)	(197,466)
<u>Total operating transfers in (out)</u>	<u>(73,866)</u>	<u>(70,445)</u>	<u>(33,799)</u>	<u>(178,110)</u>
<u>CHANGE IN NET ASSETS</u>	<u>(18,839)</u>	<u>(5,472)</u>	<u>(98,240)</u>	<u>(122,551)</u>
<u>NET ASSETS, beginning of year</u>	<u>158,717</u>	<u>760,749</u>	<u>1,621,978</u>	<u>2,541,444</u>
<u>NET ASSETS, end of year</u>	<u>139,878</u>	<u>755,277</u>	<u>1,523,738</u>	<u>2,418,893</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF GRAND COTEAU, LOUISIANA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2012

	<u>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS</u>			
	<u>GAS FUND</u>	<u>WATER FUND</u>	<u>SEWER FUND</u>	<u>TOTAL ENTERPRISE FUNDS</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>				
Cash received from customers	\$ 223,507	\$ 166,231	\$ 113,197	\$ 502,935
Cash payments to suppliers for goods & services	(129,954)	(59,618)	(62,851)	(252,423)
Cash payments to employees for services	(42,357)	(23,609)	(21,163)	(87,129)
Net cash provided by operating activities	51,196	83,004	29,183	163,383
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>				
Transfers out	(22,248)	(54,124)	(4,577)	(80,949)
Principal payment to other governmental agencies	12,386	12,386	12,386	37,158
Net cash provided (used) by noncapital financing activities	(9,862)	(41,738)	7,809	(43,791)
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>				
Intergovernmental grants	-	30,902	-	30,902
Acquisition of capital assets	(14,386)	(57,008)	(14,385)	(85,779)
Principal paid on revenue bonds and notes	-	(7,000)	(4,474)	(11,474)
Interest paid on revenue bonds and notes	-	(3,690)	(7,919)	(11,609)
Net cash used by capital and related financing activities	(14,386)	(36,796)	(26,778)	(77,960)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>				
Purchase of investments	(340)	-	(278)	(618)
Interest on investments	644	237	330	1,211
Net cash provided by investing activities	304	237	52	593
<u>NET INCREASE IN CASH</u>	27,252	4,707	10,266	42,225
<u>CASH AND CASH EQUIVALENTS, July 1, 2011</u>	52,252	130,216	28,676	211,144
<u>CASH AND CASH EQUIVALENTS, June 30, 2012</u>	79,504	134,923	38,942	253,369

Continued on next page.

The accompanying notes are an integral part of the basic financial statements.

TOWN OF GRAND COTEAU, LOUISIANA  
STATEMENT OF CASH FLOWS (CONTINUED)  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2012

	<u>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS</u>			
	<u>GAS FUND</u>	<u>WATER FUND</u>	<u>SEWER FUND</u>	<u>TOTAL ENTERPRISE FUNDS</u>
<u>RECONCILIATION OF OPERATING INCOME</u>				
<u>(LOSS) TO NET CASH PROVIDED BY</u>				
<u>OPERATING ACTIVITIES:</u>				
Operating income (loss)	<u>\$40,625</u>	<u>\$ 37,419</u>	<u>\$ (56,851)</u>	<u>\$ 21,193</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	8,925	41,592	84,397	134,914
(Increase) decrease in accounts receivable	(2,116)	(41)	(590)	(2,747)
(Increase) decrease in NSF receivable	-	-	8	8
(Increase) Decrease in Prepaid Ins	302	384	340	1,026
Increase (decrease) in accounts payable	(6,757)	1,253	1,879	(3,625)
Increase (Decrease) in Insurance proceeds	13,777	-	-	13,777
Increase (decrease) in compensated absences	1,077	2,152	-	3,229
Increase (decrease) in deferred revenue	(5,289)	-	-	(5,289)
Increase (decrease) in customers' deposits	652	245	-	897
<u>Total adjustments</u>	<u>10,571</u>	<u>45,585</u>	<u>86,034</u>	<u>142,190</u>
<u>Net cash provided by operating activities</u>	<u>51,196</u>	<u>83,004</u>	<u>29,183</u>	<u>163,383</u>
	<u>GAS FUND</u>	<u>WATER FUND</u>	<u>SEWER FUND</u>	<u>TOTAL ENTERPRISE FUNDS</u>
<u>RECONCILIATION OF CASH AND CASH</u>				
<u>EQUIVALENTS PER STATEMENT OF CASH</u>				
<u>FLows TO THE BALANCE SHEET</u>				
Cash and cash equivalents, beginning of period				
Cash - unrestricted	\$ 10,210	\$ 33,943	\$ 13,669	\$ 57,822
Cash - restricted	<u>42,042</u>	<u>96,273</u>	<u>15,007</u>	<u>153,322</u>
Total cash and cash equivalents	<u>52,252</u>	<u>130,216</u>	<u>28,676</u>	<u>211,144</u>
Cash and cash equivalents, end of period				
Cash - unrestricted	40,094	46,578	22,543	109,215
Cash - restricted	<u>39,410</u>	<u>88,345</u>	<u>16,399</u>	<u>144,154</u>
Total cash and cash equivalents	<u>79,504</u>	<u>134,923</u>	<u>38,942</u>	<u>253,369</u>
Net increase	<u>27,252</u>	<u>4,707</u>	<u>10,266</u>	<u>42,225</u>

The accompanying notes are an integral part of the basic financial statements.



TOWN OF GRAND COTEAU, LOUISIANA  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2012

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying financial statements of the Town of Grand Coteau, Louisiana have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units, hereinafter referred to as GAAP (generally accepted accounting principles). The accepted standard-setting body for establishing governmental accounting and financial reporting principles is GASB (the Governmental Accounting Standards Board).

The following is a summary of certain significant accounting policies and practices of the Town of Grand Coteau:

**A. FINANCIAL REPORTING ENTITY**

In March 2009, the Governmental Accounting Standards Board (GASB) issued Statement No. 54—Fund Balance Reporting and Government Fund Type Definitions. This Statement establishes fund balance classifications based primarily on the extent to which the Town is bound to honor constraints on the use of the resources reported in each governmental fund as well as establishes additional note disclosures regarding fund balance classification policies and procedures.

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the Town of Grand Coteau for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
  - a. The ability of the Town to impose its will on that organization and/or
  - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Town.
2. Organizations for which the Town does not appoint a voting majority but are fiscally dependent on the Town.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

The Town of Grand Coteau is a primary government and has no component units. The accompanying financial statements present information only on the funds maintained by the Town and do not present information on any other governmental unit.

**B. BASIS OF PRESNETATION**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)**

The Statement of Net Assets and the Statement of Activities display information on all of the nonfiduciary activities of the Town of Grand Coteau, the primary government, as a whole. They include all funds of the reporting entity. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Fiduciary funds are not included in the GWFS. Fiduciary funds are reported only in the Statement of Fiduciary Net Assets at the fund financial statement level.

TOWN OF GRAND COTEAU, LOUISIANA  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

B. BASIS OF PRESNETATION - Continued

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes are presented as general revenues.

FUND FINANCIAL STATEMENTS

The accounts of the Town are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The various funds of the Town are classified into two categories: governmental and proprietary. The emphasis on fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the Town or meets the following criteria:

- a. Total assets, liabilities, revenues or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of the category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise funds are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The Town reports the following major governmental funds:

Governmental Funds

General Fund. The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those that are required to be accounted for in another fund.

Special Revenue Funds

Sales Tax Fund. The Sales Tax Fund is used to account for the proceeds of a one percent sales and use tax that is legally restricted to expenditures for specific purposes.

2010 Sales Tax Fund The 2010 Sales Tax Fund is used to account for the proceeds of a one percent sales and use tax that is legally restricted to expenditures for specific purposes.

The Town reports the following major proprietary funds:

Enterprise Funds

Gas Fund. The Gas Fund accounts for gas services to residents of the Town of Grand Coteau. All activities necessary to provide such services are accounted for in this fund including, but not limited to, operations, construction, administration, maintenance, financing and related debt service, and billing and collection.

TOWN OF GRAND COTEAU, LOUISIANA  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

B. BASIS OF PRESENTATION - Continued

Water Fund. The Water Fund accounts for water services to residents of the Town of Grand Coteau. All activities necessary to provide such services are accounted for in this fund including, but not limited to, operations, construction, administration, maintenance, financing and related debt service, and billing and collection.

Sewer Fund. The Sewer Fund accounts for sewer services to the Town of Grand Coteau. All activities necessary to provide such services are accounted for in this fund including, but not limited to, operations, construction, administration, maintenance, financing and related debt service, and billing and collection.

C. MEASUREMENT FOCUS/BASIS OF ACCOUNTING

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

MEASUREMENT FOCUS

On the government-wide Statement of Net Assets and the Statement of Activities, both governmental and business-type activities are presented using the economic resources measurement focus as defined in item b. below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

- a. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included in their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary fund utilizes an "economic resources" measurement focus. The accounting objective of this measurement focus is the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net assets.

BASIS OF ACCOUNTING

In the government-wide Statement of Net Assets and Statement of Activities, both governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures (including capital outlay) generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

TOWN OF GRAND COTEAU, LOUISIANA  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

C. MEASUREMENT FOCUS/BASIS OF ACCOUNTING - Continued

BASIS OF ACCOUNTING - Continued

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred except that accumulated unpaid vacation and sick pay are not accrued and principal and interest on general long-term debt are recognized when due. Purchases of various operating supplies are regarded as expenditures at the time purchased.

The proprietary fund utilizes the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

Bad debts are written off when accounts became worthless.

Transfers between funds that are not expected to be repaid are accounted for as other financing sources (uses). These transactions are recorded when the transfers occur.

Program Revenues

Program revenues included in the Statement of Activities are derived directly from the program itself or from parties outside the Town's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the Town's general revenues.

Allocation of Indirect Expenses

The Town reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses of other functions are not allocated to those functions, but are reported separately in the Statement of Activities. Depreciation expense is specifically identified by function.

CASH AND INVESTMENTS

Louisiana statutes authorize the Town to invest in United States bonds, treasury notes or certificates, time certificates of deposit in state and national banks, or any other federally insured investment.

At year-end, the carrying amount of the Town's cash and investments was \$448,046. The bank balance of cash was \$408,683 and of investments was \$75,044. Investments are stated at cost or amortized cost, which approximates market. Investments consist of time certificates of deposits. Cash and certificates of deposits are fully secured through the pledge of bank-owned securities or federal deposit insurance.

INTERFUND RECEIVABLES AND PAYABLES

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." Short-term interfund loans are reported as "interfund receivables and payables." Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Assets.

TOWN OF GRAND COTEAU, LOUISIANA  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

C. MEASUREMENT FOCUS/BASIS OF ACCOUNTING - Continued

CAPITAL ASSETS

The accounting treatment of property plant and equipment (capital assets) depends on whether they are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Prior to GASB No. 34, governments were not required to report general infrastructure assets. The Town of Grand Coteau did not capitalize infrastructure expenditures. During the fiscal year ending June 30, 2004, the Town began to capitalize infrastructure.

In the government-wide financial statements, capital assets are capitalized at historical cost, or estimated historical cost if actual is unavailable, except for donated assets, which are recorded at their estimated fair value at the date of donation. The Town of Grand Coteau maintains a threshold level of \$500 or more for capitalizing capital assets.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of assets is as follows:

Building and improvements	20 - 40 years
Furniture and equipment	5 - 10 years
Vehicles	5 - 15 years
Water system	20 - 50 years
Sewerage system	20 - 50 years
Meters	10 - 20 years

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

It is the policy of the Town to capitalize material amounts of interest resulting from borrowings in the course of the construction of fixed assets.

In the fund financial statements, capital assets used in governmental fund operations are accounted for as facilities acquisition and construction expenditures of the governmental fund upon acquisition.

BAD DEBTS

Uncollectible amounts due for ad valorem taxes, miscellaneous liens, and sundry claims are recorded as bad debts through the establishment of an allowance account at the time information available indicated the uncollectibility of the particular receivables.

Allowance for uncollectible accounts receivable in the Enterprise Funds at June 30, 2012 was \$9,321.



TOWN OF GRAND COTEAU, LOUISIANA  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

C. MEASUREMENT FOCUS/BASIS OF ACCOUNTING – Continued

BUDGETS AND BUDGETARY ACCOUNTING

The Town follows these procedures in establishing the budgetary data reflected in these financial statements:

1. A public meeting is scheduled by the Town Council after allowing for at least 10 days notice to the public at the time the budget is initially submitted to the Town Council.
2. The budget must be finally adopted by the Council no later than the last day of the preceding fiscal year.
3. The Mayor and Town Council may authorize transfers of budgetary amounts within departments and revisions requiring alteration of levels of expenditures or transfers between departments.
4. Operating appropriations, to the extent not expended or encumbered, lapse at year-end. Capital appropriations continue in force until the project is completed or deemed abandoned.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Funds. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

The budgeted accounts shown in these financial statements include the original and final budget amounts for the year ending June 30, 2012. The budget was properly amended during a public meeting prior to the fiscal year end.

ENCUMBRANCES

Encumbrances accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the Town as an extension of formal budgetary integration in the funds.

INVENTORY

The Town practices the policy of recording materials and supplies as expenditures or expenses when acquired. The Town does not record any of these items as inventory because the amount of the items in stock is insignificant.

COMPENSATED ABSENCES

The Town's policy is that employees earn and must use their vacation as of the end of each calendar year. Unused sick leave can be carried forward to the next calendar year. Upon termination, unused sick leave up to 90 days is paid to the employee at the employee's current rate of pay.

The entire compensated absence liability is reported on the government-wide financial statements. For governmental fund financial statements, the current portion of unpaid compensated absences is the amount that is normally expected to be paid using expendable available financial resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated leave are paid.

CASH AND CASH EQUIVALENTS

For purposes of the Statement of Cash Flows, the Town considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

TOWN OF GRAND COTEAU, LOUISIANA  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

C. MEASUREMENT FOCUS/BASIS OF ACCOUNTING – Continued

RESTRICTED ASSETS

Restricted assets include cash and interest-bearing deposits of the proprietary fund that are legally restricted as to their use. The restricted assets are related to the utility meter deposits.

LONG-TERM DEBT

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The accounting for proprietary fund long-term debt is the same in the fund statements as it is in the government-wide statements.

REVENUES, EXPENDITURES, AND EXPENSES

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing or investing activities. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

In the fund financial statements, expenditures are classified as follows:

Governmental Funds – By Character

Proprietary Fund – By Operating and Nonoperating

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

Interfund Transfers

Permanent reallocations of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated.

TOWN OF GRAND COTEAU, LOUISIANA  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

C. MEASUREMENT FOCUS/BASIS OF ACCOUNTING - Continued

EQUITY CLASSIFICATIONS

In the government-wide statements, equity is classified as net assets and displayed in three components:

1. Invested in capital assets, net of related debt - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. Restricted net assets - Consist of net assets with constraints placed on the use either by (1) external groups, such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
3. Unrestricted net assets - All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

In the fund financial statements, governmental fund equity is classified as fund balance. Fund balance reports aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. Proprietary fund equity is classified the same as in the government-wide statements.

The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form - prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned and unassigned.

1. Restricted fund balance - This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions for enabling legislation.
2. Committed fund balance - These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the Board of Aldermen - the government's highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the Board of Aldermen removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.
3. Assigned fund balance - This classification reflects the amounts constrained by the Town's "intent" to be used for specific purposes, but are neither restricted nor committed. The Board of Aldermen, Mayor and Town Clerk have the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.
4. Unassigned fund balance - This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.



TOWN OF GRAND COTEAU, LOUISIANA  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

C. MEASUREMENT FOCUS/BASIS OF ACCOUNTING - Continued

EQUITY CLASSIFICATIONS - Continued

When both restricted and unrestricted resources are available for use, it is the Town's policy to use externally restricted resources first, then unrestricted resources - committed, assigned and unassigned - in order as needed.

ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 - RECEIVABLES

Receivables at June 30, 2012 consist of the following:

	<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Total</u>
Taxes receivable	\$10,758	\$ -	\$10,758
Accounts	-	57,571	57,571
Allowance for bad debts	(8,624)	(9,321)	(17,945)
Accrued interest receivable	-	21	21
Franchise receivable	11,605	-	11,605
<u>Total</u>	<u>13,739</u>	<u>48,271</u>	<u>62,010</u>

TOWN OF GRAND COTEAU, LOUISIANA  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2012

**NOTE 3 - CAPITAL ASSETS**

Capital assets and depreciation activity as of and for the year ended June 30, 2012 for the Town of Grand Coteau are as follows:

	Balances July 1, 2011	Additions	Disposals	Balances June 30, 2012
<b>Governmental Activities</b>				
Land	\$ 143,375	\$ -	\$ -	\$ 143,375
Building and improvements	212,024	15,426	-	227,450
Equipment	598,856	-	1,860	596,996
Other structures and improvements	1,138,379	-	-	1,138,379
<u>Totals at historical cost</u>	<u>2,092,634</u>	<u>15,426</u>	<u>1,860</u>	<u>2,106,200</u>
<b>Less accumulated depreciation</b>				
Building and improvements	(115,248)	(5,720)	-	(120,968)
Equipment	(411,109)	(34,368)	-	(445,477)
Other structures and improvements	(301,747)	(44,929)	-	(346,676)
<u>Total accumulated depreciation</u>	<u>(828,104)</u>	<u>(85,017)</u>	<u>-</u>	<u>(913,121)</u>
<b>Governmental Activities</b>				
Capital assets, net	<u>1,264,530</u>	<u>(69,591)</u>	<u>1,860</u>	<u>1,193,079</u>
<b>Business-type Activities</b>				
Land	\$ 24,000	\$ -	\$ -	\$ 24,000
Gas system and equipment	348,047	14,386	-	362,433
Waterworks system and equipment	1,608,855	57,007	-	1,665,862
Sewer plant and equipment	3,381,790	14,386	-	3,396,176
<u>Totals at historical cost</u>	<u>5,362,692</u>	<u>85,779</u>	<u>-</u>	<u>5,448,471</u>
<b>Less accumulated depreciation</b>				
Gas system and equipment	(317,561)	(8,925)	-	(326,486)
Waterworks system and equipment	(921,608)	(41,592)	-	(963,200)
Sewer plant and equipment	(1,678,513)	(84,397)	-	(1,762,910)
<u>Total accumulated depreciation</u>	<u>(2,917,682)</u>	<u>(134,914)</u>	<u>-</u>	<u>(3,052,596)</u>
<b>Business-type Activities</b>				
Capital assets, net	<u>2,445,010</u>	<u>(49,135)</u>	<u>-</u>	<u>2,395,875</u>

TOWN OF GRAND COTEAU, LOUISIANA  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2012

NOTE 3 - CAPITAL ASSETS - CONTINUED

Depreciation expense was charged to governmental activities as follows:

General government	\$ 14,731
Public safety - police	20,816
Public safety - fire	4,049
Public works - streets	42,690
Park	<u>2,731</u>
<u>Total</u>	<u>85,017</u>

NOTE 4 - ACCOUNTS AND OTHER PAYABLES

The accounts and other payable consisted of the following at June 30, 2012:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Accounts payable	\$ 15,052	\$ 8,328	\$23,380
Compensated absences	<u>9,414</u>	<u>-</u>	<u>9,414</u>
	<u>24,466</u>	<u>8,328</u>	<u>32,794</u>

NOTE 5 - RETIREMENT

The employees of the Town are covered by social security only. The Town does not contribute to any other retirement plan for its employees.

NOTE 6 - CASH AND CASH EQUIVALENTS

Cash and cash equivalents for the purpose of the Statement of Cash Flows consist of the following:

Unrestricted assets	
Cash	\$ 109,215
Restricted assets	
Cash	<u>144,154</u>
	<u>253,369</u>

NOTE 7 - ACCOUNTS RECEIVABLE - ENTERPRISE FUND

The accounts receivable consists of gas, water and sewer billings uncollected as of June 30, 2012. The detail of the accounts receivable as of June 30, 2012 is as follows:

Total accounts receivable	\$ 57,571
Less: allowance for uncollectible accounts	<u>(9,321)</u>
<u>Net accounts receivable</u>	<u>48,250</u>

TOWN OF GRAND COTEAU, LOUISIANA  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2012

NOTE 8 - AD VALOREM TAXES

For the year ended June 30, 2012, the Town of Grand Coteau levied a general tax of 5.36 mills on property with assessed valuation totaling \$4,284,510. Total tax levied was \$22,965. Taxes receivable at June 30, 2012 totaled \$2,134.

The Town's ad valorem tax, levied for the calendar year, is due on or before December 31, and becomes delinquent on January 1.

NOTE 9 - RESERVES OF NET ASSETS

The Town records reserves to indicate that a portion of the fund equity is legally segregated for a specific future use. The following details the description and amount of all reserves of the Town:

	Balance at June 30, 2012
Enterprise Funds	
Reserved for customers' deposits	\$ 64,219
Reserved for bond retirement	92,094
	<u>156,313</u>

NOTE 10 - DEDICATION OF SALES TAX PROCEEDS

The Town of Grand Coteau has two one percent sales tax funds.

Proceeds of the one percent sales and use tax are dedicated to the following purposes:

Constructing and purchasing fire department stations and equipment; constructing and purchasing police department stations and equipment; opening, constructing, paving, resurfacing and improving streets, sidewalks, and bridges; constructing and improving drains, drainage canals and subsurface drainage; constructing, acquiring or improving any work of public permanent improvements; and purchasing and acquiring all equipment and furnishings for the public works, buildings, improvements and facilities of the Town of Grand Coteau, title to which shall be in the public.

The 2010 one percent sales tax is dedicated to support the General Fund of the Town. Sales tax monies are transferred to the General Fund and Utility Fund as operating transfers for these dedicated costs.

NOTE 11 - PROPRIETARY FUNDS - RESTRICTED ASSETS

Certain assets of the Enterprise Funds have been restricted for debt service and customers' deposits. These assets consist of cash and short-term investments restricted for the following:

Customers' deposits	\$ 112,380
Bond retirement - Reserve	48,090
Bond retirement - Sinking Fund	25,587
Bond retirement - Depreciation and Contingency	<u>31,890</u>
	<u>217,947</u>

TOWN OF GRAND COTEAU, LOUISIANA  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2012

**NOTE 12 - GOVERNMENTAL ACTIVITIES - LONG-TERM DEBT**

The Town of Grand Coteau entered into a noncancellable capital lease with Ford Motor Credit Company for a 2008 Ford Crown Victoria on December 22, 2008. The first annual payment was due on December 22, 2008, with the final payment due on December 22, 2011. The agreement requires annual payments of \$5,971 for 4 years which are recorded in the General Fund.

A summary of changes in long-term debt from is as follows:

	Balances July 1, 2011	Additions	Payments	Balances June 30, 2012	Due Within One Year
Compensated absences	\$37,574	\$ -	\$ 8,743	\$ 28,831	\$ 9,414
Ford Motor Credit Company Lease	3,260	-	3,260	-	-
	<u>40,834</u>	<u>-</u>	<u>12,003</u>	<u>28,831</u>	<u>9,414</u>

**NOTE 13 - PROPRIETARY FUND - LONG-TERM DEBT**

The following is a summary of changes in Proprietary Fund debt for the year ended June 30, 2012:

Description of Debt	Balances July 1, 2011	Issued	Retired	Balances June 30, 2012	Due Within One Year
\$225,000 of Sewer Revenue Bonds dated February 17, 1995	\$ 178,404	\$ -	\$ 4,474	\$173,930	\$ 4,662
\$125,000 of Water Tower Project Bonds dated July 1, 1998	61,000	-	7,000	54,000	8,000
\$43,158 note to State of Louisiana Department of Transportation and Development	-	43,158	6,000	37,158	12,000
<u>Total notes</u>	<u>239,404</u>	<u>43,158</u>	<u>17,474</u>	<u>265,088</u>	<u>24,662</u>
Compensated absences payable	6,676	3,229	-	9,905	-
<u>Total long term debt</u>	<u>246,080</u>	<u>46,387</u>	<u>17,474</u>	<u>274,993</u>	<u>24,662</u>

The \$43,158 note to the State of Louisiana Department of Transportation and Development represents the Town of Grand Coteau's 11.78 percent share of the cost of relocating utility lines. The note is non-interest bearing and is being amortized at the rate of \$1,000 per month beginning in January of 2012.

TOWN OF GRAND COTEAU, LOUISIANA  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2012

**NOTE 13 - PROPRIETARY FUND - LONG-TERM DEBT - CONTINUED**

The annual requirements to retire debt as of June 30, 2012, are as follows:

<u>Years Ending</u> <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 24,662	\$ 10,971	\$ 35,633
2014	24,876	10,277	35,153
2015	26,100	9,573	35,673
2016	15,492	8,799	24,291
2017	15,579	8,014	23,593
2018-2022	41,983	30,582	72,565
2023-2027	40,036	21,929	61,965
2028-2032	50,117	11,848	61,965
2033-2035	26,243	1,385	27,628
	<u>265,088</u>	<u>113,378</u>	<u>378,466</u>

**NOTE 14 - SEWER REVENUE BOND - FEBRUARY 17, 1995 - RESTRICTION ON USE**

A bond of \$225,000 was issued on February 17, 1995 for improvements of the Town's sewer system. The bond has a stated interest of 4½ percent and is payable over a forty year period. Commencing March 17, 1998 and on the 17<sup>th</sup> day of each month thereafter through February 17, 2035, monthly payments of \$1,033 will be due which will consist of fully amortized payments of principal and interest. Each payment shall be applied, first, to the payment of accrued interest; and second, to the payment of principal.

- a. Actual monthly payments into the Sinking Fund during the interest only period depend on the schedule of advances of principal made to the Town during construction. However, monthly debt service payments into the Sinking Fund will not exceed \$1,033.
- b. The Town will have to make monthly payments of \$52 into a Reserve Fund. The payments into the Reserve Fund will continue until an amount equal to one year's debt service on the bond is accumulated therein.
- c. The Town will have to make monthly payments of \$52 into a Contingency Fund. The payments into the Contingency Fund will be made over the life of the bond.

**NOTE 15 - WATER TOWER PROJECT BOND - JULY 1, 1998 - RESTRICTION ON USE**

- a. Actual monthly payments into the Sinking Fund are required to be \$870.
- b. Each month, there will be an amount set aside into the Reserve Fund at least equal to ten percent of the amount to be paid into the Sinking Fund until the amount in the Reserve Fund equals the Reserve Fund requirement of \$11,280.
- c. Each month, there will be an amount set aside into the Contingency Fund equal to five percent of the revenues for the preceding month provided that such sum is available. Such payments shall continue until such time as there has been accumulated in the Contingency Fund the sum of \$12,500.

TOWN OF GRAND COTEAU, LOUISIANA  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2012

NOTE 16 - SEWER CHARGES

The Town's sewer rate schedule is as follows:

	<u>Monthly Charge</u>
Base rate - 4,000 gallons	\$ 12.00
Each additional 1,000 gallons	2.25

NOTE 17 - INTERFUND RECEIVABLES/PAYABLES

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Governmental Funds		
Special Revenue Funds	\$ 24,431	\$ 4,606
General Fund	6,247	4,699
Proprietary Funds		
Gas Fund	19,395	-
Water Fund	-	14,494
Sewer Fund	<u>2,688</u>	<u>28,962</u>
	<u>52,761</u>	<u>52,761</u>

NOTE 18 - RISK MANAGEMENT

The Town is exposed to risks of loss in the areas of general and auto liability, property hazards and workers' compensation. All of these risks are handled by purchasing commercial insurance coverage. There have been no significant reductions in the insurance for the year.

TOWN OF GRAND COTEAU, LOUISIANA  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2012

**NOTE 19 – FUND BALANCE CONSTRAINTS**

The constraints on fund balance as listed in aggregate in the Statement of Revenues, Expenditures, and Changes in Fund Balances are detailed according to balance classification and fund.

	General Fund	Special Revenue Funds	Total
Fund Balances:			
Nondisposable:	\$ -	\$ -	\$ -
Restricted:	-	106,873	106,873
Committed:	-	-	-
Assigned:	-	-	-
Total - Assigned	<u>-</u>	<u>106,873</u>	<u>106,873</u>
Unassigned:	<u>37,050</u>	<u>-</u>	<u>37,050</u>
Total fund balances	<u><u>37,050</u></u>	<u><u>106,873</u></u>	<u><u>143,923</u></u>

**NOTE 20 – OTHER POST-EMPLOYMENT BENEFITS (OPEB)**

The Town does not provide any post-employment benefits to retirees and therefore is not required to report under GASB Statement No. 45, Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions.

**NOTE 21 – SUBSEQUENT EVENTS**

Subsequent events were evaluated through December 26, 2012, which is the date the financial statements were available to be issued. As of December 26, 2012, there were not subsequent events noted.

**NOTE 22 – LCDBG HOUSING PHYSICAL ACCESSIBILITY PROGRAM**

In the prior year financial statements, revenue from LCDBG and related expenditures for a Housing Physical Accessibility Program were not properly reflected. LCDBG grant revenues in the amount of \$42,237 and Physical Accessibility expenditures in the amount of \$42,237 were not reflected on the June 30, 2011 financial statements. These reclassifications had no effect upon reported net assets.



REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULES

TOWN OF GRAND COTEAU, LOUISIANA  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2012

	BUDGET			VARIANCE POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
<u>REVENUES</u>				
Taxes	\$ 71,700	\$ 86,760	\$ 78,509	\$ (8,251)
Licenses and permits	33,100	30,030	46,025	15,995
Intergovernmental	201,288	261,869	241,156	(20,713)
Fines and forfeits	290,000	160,952	174,239	13,287
Miscellaneous	25,700	38,125	25,236	(12,889)
<u>Total revenues</u>	<u>621,788</u>	<u>577,736</u>	<u>565,165</u>	<u>(12,571)</u>
<u>EXPENDITURES</u>				
Current operating				
Executive and administrative	198,200	195,263	187,689	7,574
Street department	137,720	117,900	159,819	(41,919)
Police department	358,700	401,603	430,123	(28,520)
Fire department	20,300	12,825	12,721	104
Park department	13,000	137	137	-
Capital outlay	-	39,146	15,426	23,720
Debt service	6,078	5,971	3,260	2,711
<u>Total expenditures</u>	<u>733,998</u>	<u>772,845</u>	<u>809,175</u>	<u>(36,330)</u>
<u>DEFICIENCY OF REVENUES</u>				
<u>UNDER EXPENDITURES</u>	<u>(112,210)</u>	<u>(195,109)</u>	<u>(244,010)</u>	<u>(48,901)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Donation of fixed assets	-	-	39	39
Gain on sale of capital asset	-	-	1,850	1,850
Transfers in	265,000	303,170	384,466	81,296
Transfers out	-	-	(782)	(782)
<u>Total other financing sources</u>	<u>265,000</u>	<u>303,170</u>	<u>385,573</u>	<u>82,403</u>
<u>NET CHANGE IN FUND BALANCE</u>	<u>152,790</u>	<u>108,061</u>	<u>141,563</u>	<u>33,502</u>
<u>FUND BALANCE</u> (deficit), beginning of year			<u>(104,513)</u>	
<u>FUND BALANCE</u> , end of year			<u>37,050</u>	

TOWN OF GRAND COTEAU, LOUISIANA  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGETARY COMPARISON SCHEDULE  
SALES TAX FUND  
FOR THE YEAR ENDED JUNE 30, 2012

	<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<u>REVENUES</u>				
Taxes				
Sales tax collections	\$ 85,000	\$ 131,745	\$ 137,223	\$ 5,478
<u>Total revenues</u>	<u>85,000</u>	<u>131,745</u>	<u>137,223</u>	<u>5,478</u>
<u>EXPENDITURES</u>				
Current operating				
Executive and administrative	6,350	7,600	6,186	1,414
<u>Total expenditures</u>	<u>6,350</u>	<u>7,600</u>	<u>6,186</u>	<u>1,414</u>
<u>EXCESS OF REVENUES OVER EXPENDITURES</u>	<u>78,650</u>	<u>124,145</u>	<u>131,037</u>	<u>6,892</u>
<u>OTHER FINANCING USES</u>				
Transfers out	(75,000)	(155,257)	(110,359)	44,898
<u>Total other financing uses</u>	<u>(75,000)</u>	<u>(155,257)</u>	<u>(110,359)</u>	<u>44,898</u>
<u>NET CHANGE IN FUND BALANCE</u>	<u>3,650</u>	<u>(31,112)</u>	<u>20,678</u>	<u>51,790</u>
<u>FUND BALANCE</u> , beginning of year			<u>34,818</u>	
<u>FUND BALANCE</u> , end of year			<u>55,496</u>	

TOWN OF GRAND COTEAU, LOUISIANA  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGETARY COMPARISON SCHEDULE  
2010 SALES TAX FUND  
FOR THE YEAR ENDED JUNE 30, 2012

	<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<u>REVENUES</u>				
Taxes				
Sales tax collections	\$ 85,000	\$ 131,745	\$ 131,961	\$ 216
<u>Total revenues</u>	<u>85,000</u>	<u>131,745</u>	<u>131,961</u>	<u>216</u>
<u>EXPENDITURES</u>				
Current operating				
Executive and administrative	3,350	10,610	5,103	5,507
<u>Total expenditures</u>	<u>3,350</u>	<u>10,610</u>	<u>5,103</u>	<u>5,507</u>
<u>EXCESS OF REVENUES OVER EXPENDITURES</u>	<u>81,650</u>	<u>121,135</u>	<u>126,858</u>	<u>5,723</u>
<u>OTHER FINANCING USES</u>				
Transfers out	(80,000)	(120,722)	(95,215)	25,507
<u>Total other financing uses</u>	<u>(80,000)</u>	<u>(120,722)</u>	<u>(95,215)</u>	<u>25,507</u>
<u>NET CHANGE IN FUND BALANCE</u>	<u>1,650</u>	<u>413</u>	<u>31,643</u>	<u>31,230</u>
<u>FUND BALANCE</u> , beginning of year			<u>19,734</u>	
<u>FUND BALANCE</u> , end of year			<u>51,377</u>	

OTHER SUPPLEMENTARY INFORMATION

MAJOR GOVERNMENTAL FUNDS

### GENERAL FUND

The General Fund is used to account for resources traditionally associated with governments which are not required to be accounted for in another fund. The General Fund has a greater number and variety of revenue sources than any other fund, and its resources normally finance a wider range of activities. The resources of the General Fund are ordinarily largely expended and replenished on an annual basis.

TOWN OF GRAND COTEAU, LOUISIANA  
GENERAL FUND  
BALANCE SHEET  
JUNE 30, 2012

ASSETS

Cash	\$ 32,155
Receivables, net of allowance for uncollectibles	
Ad valorem taxes	2,134
Franchise	11,605
Intergovernmental	23,058
Due from other funds	6,247
	<hr/>
<u>Total assets</u>	<u>75,199</u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Bank overdraft	\$ 5,505
Accounts payable	18,531
Compensated absences payable	9,414
Due to other funds	4,699
	<hr/>
<u>Total liabilities</u>	<u>38,149</u>

FUND BALANCE

Unassigned	37,050
	<hr/>
<u>Total fund balance</u>	<u>37,050</u>
	<hr/>
<u>Total liabilities and fund balance</u>	<u>75,199</u>



TOWN OF GRAND COTEAU, LOUISIANA  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2012

	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
<u>REVENUES</u>			
Taxes	\$ 86,760	\$ 78,509	\$ (8,251)
Licenses and permits	30,030	46,025	15,995
Intergovernmental	261,869	241,156	(20,713)
Fines and forfeits	160,952	174,239	13,287
Miscellaneous	38,125	25,236	(12,889)
<u>Total revenues</u>	<u>577,736</u>	<u>565,165</u>	<u>(12,571)</u>
<u>EXPENDITURES</u>			
Current operating			
Executive and administrative	214,898	203,115	11,783
Street department	137,411	159,819	(22,408)
Police department	401,603	430,123	(28,520)
Fire department	12,825	12,721	104
Park department	137	137	-
Debt service	5,971	3,260	2,711
<u>Total expenditures</u>	<u>772,845</u>	<u>809,175</u>	<u>(36,330)</u>
<u>DEFICIENCY OF REVENUES</u>			
<u>UNDER EXPENDITURES</u>	<u>(195,109)</u>	<u>(244,010)</u>	<u>(48,901)</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Donation of fixed assets	-	39	39
Proceeds on the sale of fixed assets	-	1,850	1,850
Transfers in	303,170	384,466	81,296
Transfers out	-	(782)	(782)
<u>Total other financing sources (uses)</u>	<u>303,170</u>	<u>385,573</u>	<u>82,403</u>
<u>NET CHANGE IN FUND BALANCE</u>	<u>108,061</u>	<u>141,563</u>	<u>33,502</u>
<u>FUND BALANCE</u> (deficit), beginning of year		<u>(104,513)</u>	
<u>FUND BALANCE</u> , end of year		<u>37,050</u>	

TOWN OF GRAND COTEAU, LOUISIANA  
GENERAL FUND  
DETAILED SCHEDULE OF REVENUES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2012

	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
<u>TAXES</u>			
Property taxes	\$ 25,890	\$ 20,932	\$ (4,958)
Franchise - Electric	58,075	55,002	(3,073)
Franchise - Cable television	2,020	1,652	(368)
Franchise- Telephone	775	923	148
<u>Total taxes</u>	<u>86,760</u>	<u>78,509</u>	<u>(8,251)</u>
<u>LICENSES AND PERMITS</u>			
Licenses and permits	30,030	46,025	15,995
<u>Total licenses and permits</u>	<u>30,030</u>	<u>46,025</u>	<u>15,995</u>
<u>INTERGOVERNMENTAL</u>			
State beer tax	2,780	2,908	128
Fire insurance rebate	4,655	6,055	1,400
Video poker fees / Racino income	212,840	192,264	(20,576)
Solid waste	15,148	-	(15,148)
DOTD	3,330	3,330	-
Federal/state grants	23,116	20,328	(2,788)
FEMA	-	1,123	1,123
Parish government reimbursements	-	15,148	15,148
<u>Total intergovernmental</u>	<u>261,869</u>	<u>241,156</u>	<u>(20,713)</u>
<u>FINES</u>			
Court fines	16,095	19,598	3,503
Step tickets	144,857	154,641	9,784
<u>Total fines</u>	<u>160,952</u>	<u>174,239</u>	<u>13,287</u>
<u>MISCELLANEOUS</u>			
Interest income	52	138	86
Miscellaneous income	38,073	25,098	(12,975)
	<u>38,125</u>	<u>25,236</u>	<u>(12,889)</u>
<u>Total revenues</u>	<u>577,736</u>	<u>565,165</u>	<u>(12,571)</u>

TOWN OF GRAND COTEAU, LOUISIANA  
GENERAL FUND  
DETAILED SCHEDULE OF EXPENDITURES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2012

	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
<u>EXECUTIVE AND ADMINISTRATIVE</u>			
<u>Personal services</u>			
Salaries - Clerical	\$ 58,595	\$ 48,405	\$ 10,190
Salaries - Mayor and Council	33,450	33,050	400
Payroll taxes	7,597	6,434	1,163
<u>Supplies</u>			
Supplies and postage	15,709	17,853	(2,144)
<u>Other</u>			
Conventions and conferences	2,038	4,870	(2,832)
Advertising	3,459	1,005	2,454
Dues and subscriptions	1,671	2,680	(1,009)
Engineering fees	4,058	3,617	441
Equipment rental	611	1,010	(399)
Insurance	31,051	36,798	(5,747)
Legal and professional	11,600	8,342	3,258
Miscellaneous	4,910	5,240	(330)
Pest control	574	574	-
Repairs and maintenance	1,923	4,170	(2,247)
Telephone	4,501	5,280	(779)
Utilities	11,413	6,149	5,264
Uniforms	147	464	(317)
Park	1,956	16	1,940
Bank charges	-	1,732	(1,732)
Capital outlay	19,635	15,426	4,209
<u>Total executive and administrative</u>	<u>214,898</u>	<u>203,115</u>	<u>11,783</u>
<u>STREET DEPARTMENT</u>			
<u>Personal services</u>			
Salaries	31,152	31,964	(812)
Payroll taxes	3,610	3,361	249

Continued on next page.

TOWN OF GRAND COTEAU, LOUISIANA  
GENERAL FUND  
DETAILED SCHEDULE OF EXPENDITURES  
BUDGET AND ACTUAL (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2012

	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
<u>STREET DEPARTMENT</u>			
<u>Supplies</u>			
Materials and Supplies	\$ 33,850	\$ 7,042	\$ 26,808
<u>Other</u>			
Auto and truck expense	8,178	33,297	(25,119)
Repairs and maintenance	5,288	26,693	(21,405)
Insurance	16,500	21,025	(4,525)
Utilities	9,265	25,672	(16,407)
Tractor expense	3,828	4,628	(800)
Miscellaneous	-	146	(146)
Equipment rental	1,909	1,694	215
Dumpster	4,320	4,297	23
Capital outlay	19,511	-	19,511
<u>Total street department</u>	<u>137,411</u>	<u>159,819</u>	<u>(22,408)</u>
<u>POLICE DEPARTMENT</u>			
<u>Personal services</u>			
Salaries	274,115	273,895	220
Payroll taxes	47,000	45,594	1,406
<u>Supplies</u>			
Materials and supplies	3,427	4,101	(674)
Uniforms	105	105	-
<u>Other</u>			
Insurance	34,200	45,203	(11,003)
Auto operating expense	26,438	28,065	(1,627)
Telephone	8,620	10,506	(1,886)
Repairs	1,468	4,113	(2,645)
Miscellaneous	6,063	8,560	(2,497)
Education	-	400	(400)
Prisoner meals	167	167	-
Compensated absences	-	9,414	(9,414)
<u>Total police department</u>	<u>401,603</u>	<u>430,123</u>	<u>(28,520)</u>

Continued on next page.

TOWN OF GRAND COTEAU, LOUISIANA  
GENERAL FUND  
DETAILED SCHEDULE OF EXPENDITURES  
BUDGET AND ACTUAL (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2012

	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
<u>FIRE DEPARTMENT</u>			
<u>Supplies</u>			
Materials and supplies	\$     65	\$     55	\$     10
<u>Other</u>			
Telephone	3,020	3,560	(540)
Utilities	3,805	916	2,889
Insurance	4,000	4,830	(830)
Repairs and maintenance	1,935	2,684	(749)
Truck expense	-	676	(676)
<u>Total fire department</u>	<u>12,825</u>	<u>12,721</u>	<u>104</u>
<u>PARK DEPARTMENT</u>			
<u>Supplies</u>			
Supplies	137	137	-
<u>Total park department</u>	<u>137</u>	<u>137</u>	<u>-</u>
<u>DEBT SERVICE</u>			
Payments on capital lease	5,971	3,260	2,711
<u>Total debt service</u>	<u>5,971</u>	<u>3,260</u>	<u>2,711</u>
<u>Total expenditures</u>	<u>772,845</u>	<u>809,175</u>	<u>(36,330)</u>

### SPECIAL REVENUE FUNDS

The Special Revenue Fund is used to account for resources legally restricted to expenditures for specified current operating purposes or the acquisition of furniture, fixtures, machinery, equipment, or other relatively minor or comparatively short-lived assets.

The Sales Tax Fund is used to account for the collection and expenditure of the Town's one percent sales tax.

The 2010 Sales Tax Fund is used to account for the collection and expenditure of an additional one percent sales tax to supplement the general fund.

TOWN OF GRAND COTEAU, LOUISIANA  
SPECIAL REVENUE FUND  
SALES TAX FUND  
BALANCE SHEET  
JUNE 30, 2012

ASSETS

Cash	\$ 52,948
Due from other funds	<u>10,737</u>
<u>Total assets</u>	<u>63,685</u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	\$ 3,583
Due to other funds	<u>4,606</u>
<u>Total liabilities</u>	<u>8,189</u>

FUND BALANCE

Restricted	<u>55,496</u>
<u>Total fund balance</u>	<u>55,496</u>
<u>Total liabilities and fund balance</u>	<u>63,685</u>

TOWN OF GRAND COTEAU, LOUISIANA  
SALES TAX FUND  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2012

	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
<u>REVENUES</u>			
Taxes			
Sales tax collections	\$ 131,745	\$ 137,223	\$ 5,478
<u>Total revenues</u>	<u>131,745</u>	<u>137,223</u>	<u>5,478</u>
<u>EXPENDITURES</u>			
Current operating			
General and administrative	7,600	6,186	1,414
<u>Total expenditures</u>	<u>7,600</u>	<u>6,186</u>	<u>1,414</u>
<u>EXCESS OF REVENUES OVER EXPENDITURES</u>	<u>124,145</u>	<u>131,037</u>	<u>6,892</u>
<u>OTHER FINANCING USES</u>			
Transfers out	(155,257)	(110,359)	44,898
<u>Total other financing uses</u>	<u>(155,257)</u>	<u>(110,359)</u>	<u>44,898</u>
<u>NET CHANGE IN FUND BALANCE</u>	<u>(31,112)</u>	20,678	<u>51,790</u>
<u>FUND BALANCE</u> , beginning of year		<u>34,818</u>	
<u>FUND BALANCE</u> , end of year		<u>55,496</u>	



TOWN OF GRAND COTEAU, LOUISIANA  
SPECIAL REVENUE FUND  
2010 SALES TAX FUND  
BALANCE SHEET  
JUNE 30, 2012

ASSETS

Cash	\$ 40,035
Due from other funds	<u>13,694</u>
<u>Total assets</u>	<u>53,729</u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	\$ 2,352
<u>Total liabilities</u>	<u>2,352</u>

FUND BALANCE

Restricted	<u>51,377</u>
<u>Total fund balance</u>	<u>51,377</u>
<u>Total liabilities and fund balance</u>	<u>53,729</u>

TOWN OF GRAND COTEAU, LOUISIANA  
2010 SALES TAX FUND  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2012

	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
<u>REVENUES</u>			
Taxes			
Sales tax collections	\$ 131,745	\$ 131,961	\$ 216
<u>Total revenues</u>	<u>131,745</u>	<u>131,961</u>	<u>216</u>
<u>EXPENDITURES</u>			
General and administrative	10,610	5,103	5,507
<u>Total expenditures</u>	<u>10,610</u>	<u>5,103</u>	<u>5,507</u>
<u>EXCESS OF REVENUES OVER EXPENDITURES</u>	<u>121,135</u>	<u>126,858</u>	<u>5,723</u>
<u>OTHER FINANCING USES</u>			
Transfers out	(120,722)	(95,215)	25,507
<u>Total other financing uses</u>	<u>(120,722)</u>	<u>(95,215)</u>	<u>25,507</u>
<u>NET CHANGE IN FUND BALANCE</u>	<u>413</u>	<u>31,643</u>	<u>31,230</u>
<u>FUND BALANCE</u> , beginning of year		<u>19,734</u>	
<u>FUND BALANCE</u> , end of year		<u>51,377</u>	

COMPLIANCE AND INTERNAL CONTROL

James L. Nicholson, Jr., CPA  
G. Kenneth Pavy, II, CPA  
Michael A. Roy, CPA  
Lisa Trouille Manuel, CPA  
Dana D. Quebedeaux, CPA



**JOHN S. DOWLING & COMPANY**  
A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS

**REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE  
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

46

John S. Dowling, CPA  
1904-1984  
John Newton Stout, CPA  
1936-2005  
Chizal S. Fontenot, CPA  
1955-2012

Retired

Harold Dupre, CPA  
1996  
Dwight Ledoux, CPA  
1998  
Joel Lanclos, Jr., CPA  
2003  
Russell J. Stelly, CPA  
2005

The Honorable Mayor  
and Members of the Board of Aldermen and Alderwomen  
Town of Grand Coteau, Louisiana

We have audited the financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the Town of Grand Coteau as of and for the year ended June 30, 2012, which collectively comprise the Town of Grand Coteau's basic financial statements and have issued our report thereon dated December 26, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

Management of the Town of Grand Coteau, is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Town of Grand Coteau's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Grand Coteau's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town of Grand Coteau's internal control over financial reporting.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and responses as item 2012-1 that we consider to be a significant deficiency in internal control over financial reporting. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

The Honorable Mayor,  
and Members of the Board of Aldermen and Alderwomen  
Page 2

*Compliance and Other Matters*

As part of obtaining reasonable assurance about whether the Town of Grand Coteau's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2012-2.

We noted a certain matter that we reported to management of the Town of Grand Coteau in a separate letter dated December 26, 2012.

The Town of Grand Coteau's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the Town of Grand Coteau's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, Town Council, others within the entity, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*John S. Dawling & Company*

Opelousas, Louisiana  
December 26, 2012

TOWN OF GRAND COTEAU, LOUISIANA  
SCHEDULE OF FINDINGS AND RESPONSES  
YEAR ENDED JUNE 30, 2012

I. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of the Town of Grand Coteau as of and for the year ended June 30, 2012.
2. One significant deficiency relating to the audit of the financial statements are reported in the Report on Internal Control over Financial Reporting and on Compliance and other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. One instance of noncompliance material to the financial statements of the Town of Grand Coteau, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.

II. FINDINGS – FINANCIAL STATEMENT AUDIT

Internal Control Material to the Financial Statements

2012-1      Lack of Segregation of Duties

Condition: An Adequate segregation of duties does not exist in the area of accounting at Town Hall. Often the Town Clerk may collect payments on accounts, make deposits, and post the same deposit into the general ledger. A system of internal control procedures contemplates a segregation of duties so that no one individual handles a transaction from its inception to its completion. While we recognize that the Town may not be large enough to permit an adequate segregation of duties for an effective system of internal control procedures, it is important that you be aware of this condition; errors or fraud could occur and not be undetected.

Criteria: A reporting entity should have adequate segregation of duties over accounting functions.

Cause: One employee may at times perform several accounting functions.

Effect: There is inadequate segregation of duties over accounting functions.

Recommendation: There can be only a proper segregation of duties when both the Town Clerk and Assistant Clerk are performing their respective duties. However, if this is not the case, every attempt should be made to keep the general ledgers current which will allow the Mayor and Council to keep abreast of the Town's financial condition.

Response: The Town will consider on how it can possibly strengthen its segregation of duties with present employees by shifting some responsibilities but believes that the cost to hire additional accounting personnel is not cost beneficial based upon the size of the Town's operations.

TOWN OF GRAND COTEAU, LOUISIANA  
SCHEDULE OF FINDINGS AND RESPONSES  
YEAR ENDED JUNE 30, 2012

**Compliance Material to the Financial Statements**

2012-2      Budget Presentation

Condition: The budget was not prepared in the required format.

Criteria: The Louisiana Local Government Budget Act (RS 39:1305(c)(2)(a)) states that the budget must be presented in a specific format.

Cause: The budget was not properly presented.

Effect: The format required by the Louisiana Local Government Budget Act was not followed.

Response: The budget will be prepared in the required format in the future.

III. FINDINGS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

Not Applicable

TOWN OF GRAND COTEAU, LOUISIANA  
SCHEDULE OF PRIOR YEAR FINDINGS  
YEAR ENDED JUNE 30, 2012

SECTION I – Internal Control and Compliance Material to the Financial Statements

2011-1 Lack of Segregation of Duties

Repeat Comment.

2011-2 Fund Deficit in General Fund

Corrective Action Taken.

SECTION II – Internal Control and Compliance Material to Federal Awards

N/A

SECTION III – Management Letter

2011-3 Reimbursements of Employee's Social Security and Medicare

Repeat Comment.



OTHER SUPPLEMENTARY SCHEDULES

TOWN OF GRAND COTEAU, LOUISIANA  
ENTERPRISE FUNDS  
SCHEDULE OF OPERATING EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2012

GAS FUND

Personal services

Salaries	\$ 37,646
Payroll taxes	5,788

Contractual services

Gas purchases	61,525
Survey expense	4,180

Supplies

Office supplies and postage	28,700
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Other

Legal and professional	5,032
Insurance	8,707
Repairs and maintenance	13,707
Seminar expense	10
Utilities	3,729
Telephone	2,863
Miscellaneous	4,308
Truck	201
Dottie	358
Compensated absences	1,077
Bad debt	2,879

Depreciation

8,925

Total gas fund expenses

189,635

WATER FUND

Personal services

Salaries	\$ 21,987
Payroll taxes	3,774

Supplies

Materials and supplies	12,100
------------------------	--------

Continued on next page.

TOWN OF GRAND COTEAU, LOUISIANA  
ENTERPRISE FUNDS  
SCHEDULE OF OPERATING EXPENSES (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2012

WATER FUND - continued

Other

Legal and professional	\$ 5,257
Insurance	11,108
Utilities	14,916
Repairs and maintenance	4,864
Telephone	650
Miscellaneous	4,741
Truck expense	827
Safe water drinking fee	1,668
Compensated absences	2,152
Bad debts	2,972

<u>Depreciation</u>	<u>41,592</u>
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<u>Total water fund expenses</u>	<u>128,608</u>
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SEWER FUND

Personal services

Salaries	\$ 18,343
Payroll taxes	2,820

Contractual services

Analysis expense	4,430
------------------	-------

Supplies

Materials and supplies	5,738
------------------------	-------

Other

Legal and professional	11,643
Insurance	9,795
Utilities	15,243
Repairs and maintenance	13,944
Miscellaneous	1,633
Bad debt expense	2,644

<u>Depreciation</u>	<u>84,397</u>
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<u>Total sewer fund expenses</u>	<u>170,630</u>
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TOWN OF GRAND COTEAU, LOUISIANA  
COMBINED SCHEDULE OF BONDS PAYABLE  
JUNE 30, 2012

<u>REVENUE BONDS</u>	<u>INTEREST</u>	<u>PAYMENT DATE</u>	<u>ISSUE DATE</u>	<u>FINAL MATURITY DATE</u>	<u>ANNUAL SERIAL PAYMENTS</u>	<u>BONDS</u>			
	<u>RATES</u>					<u>AUTHORIZED</u>	<u>ISSUED</u>	<u>RETIRED</u>	<u>OUTSTANDING</u>
Sewerage utility	4.50%	17th of each month	2/17/1995	10/17/2036	Varies	\$ 225,000	\$ 225,000	\$ 51,070	\$ 173,930
Water utility	6.00%	10/3 4/4	7/1/1998	4/1/2018	Varies	<u>125,000</u>	<u>125,000</u>	<u>71,000</u>	<u>54,000</u>
<u>Total revenue bonds</u>						<u>350,000</u>	<u>350,000</u>	<u>122,070</u>	<u>227,930</u>

TOWN OF GRAND COTEAU, LOUISIANA  
COMBINED SCHEDULE OF INVESTMENTS - ALL FUNDS  
JUNE 30, 2012

	<u>INTEREST RATES</u>	<u>MATURITY</u>	<u>TOTAL BOOK VALUE</u>
<u>ENTERPRISE FUNDS</u>			
Certificate of Deposit			
Bank of Sunset and Trust Co.	0.65%	9/19/2012	\$ 43,306
Certificate of Deposit			
Bank of Sunset and Trust Co.	0.65%	12/7/2012	30,487
Certificate of Deposit			
Bank of Sunset and Trust Co.	0.65%	9/19/2012	<u>1,251</u>
<u>Total</u>			<u><u>75,044</u></u>

TOWN OF GRAND COTEAU, LOUISIANA  
SCHEDULE OF INSURANCE IN FORCE  
JUNE 30, 2012  
(UNAUDITED)

INSURER	TYPE OF COVERAGE	LIMITS OF COVERAGE	EFFECTIVE DATES	
			FROM	TO
Louisiana Municipal Risk Management Agency	Workmen's Compensation	Statutory	Monthly	Monthly
Western Surety Bond	Position Bond	\$246,000	9/15/2011	9/15/2012
	Blanket Bond	\$5,000	10/1/2011	10/1/2012
Southern Insurance Company	Fire, extended coverage & vandalism	\$2,351,653 \$2,500 deductible	1/14/2012	1/14/2013
Southern Insurance Company	Property damage	\$132,712 \$2,500 deductible	3/17/2012	3/17/2013
Risk Mangement	Personal injury Property damage Errors and omissions	\$500,000 \$1,000 each claimant	5/1/2012	5/1/2013
Essex Insurance Company	Physical Damage	\$1000 / 500 \$500 deductible	3/7/2012	3/7/2013

TOWN OF GRAND COTEAU, LOUISIANA  
SCHEDULE OF COMPENSATION PAID TO MAYOR AND COUNCIL  
FOR THE YEAR ENDED JUNE 30, 2012

COMPENSATION PAID TO MAYOR AND COUNCIL

The compensation of the Town of Grand Coteau's governing body is included in the general administrative expenditures of the General Fund. The Mayor is paid \$1,200 per month and the board members are paid \$300 per month. Board members are also paid \$150 for any special meetings attended.

	<u>COMPENSATION</u>
Henry Pierre, Mayor	\$ 14,200
Shaterral Johnson	4,050
Jessica Marcel	3,275
Danielle Belso	3,425
Patrick Richard	4,050
Robert Landry	<u>4,050</u>
	<u>33,050</u>

# *Town of Grand Coteau*

## **OFFICIALS**

HENRY PIERRE, Mayor  
DENISE J. MOORE, LMMC  
BRENDA DUGAS, CMC  
DAVID NEVILLS, Town Supervisor  
WILTON GUIDRY, Police Chief

P.O. Drawer G

Grand Coteau, Louisiana 70541  
(337) 662-5246 • Fax (337) 662-5701  
townofgrandcoteau@centurytel.net

## **ALDERMEN**

DANIELLE BELSON  
ROBERT LANDRY  
SHATERRAL JOHNSON  
JESSICA MARCEL  
PATRICK RICHARD

## **CORRECTIVE ACTION PLAN**

Louisiana Legislative Auditor

The Town of Grand Coteau respectfully submits the following corrective action plan for the year ended June 30, 2012.

Name and address of independent public accounting firm: John S. Dowling & Company, P.O. Box 1549, Opelousas, LA 70571-1549.

Audit period: Year ended June 30, 2012

The findings from the 2012 audit report are discussed below. The findings are numbered consistently with the numbers assigned in the report.

### **FINDINGS— FINANCIAL STATEMENT AUDIT**

#### **2012-1. Lack of Segregation of Duties**

Corrective Action Planned: The Town will consider on how it can possibly strengthen its segregation of duties with present employees by shifting some responsibilities but believes that the cost to hire additional accounting personnel is not cost beneficial based upon the size of the Town's operations.

Contact Person Responsible for Corrective Action: Denise Moore, Clerk

Anticipated Completion Date: N/A

#### **2012-2. Budget Presentation**

Corrective Action Planned: The budget will be prepared in the required format in the future.

Contact Person Responsible for Corrective Action: Denise Moore, Clerk

Anticipated Completion Date: June 30, 2013





**FINDINGS- FEDERAL AWARD PROGRAMS AUDIT**

N/A

**FINDINGS - MANAGEMENT LETTER**

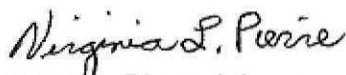
2012-3. Reimbursement of Employee's Social Security and Medicare

Corrective Action Planned: The Town had the payroll accounting system changed in December of 2011 to properly reflect the changes in the new law.

Contact Person Responsible for Corrective Action: Denise Moore, Clerk

Anticipated Completion Date: December 31, 2011

Sincerely yours,

A handwritten signature in cursive script that reads "Virginia L. Pierre".

Virginia Pierre, Mayor  
Town of Grand Coteau

[This form is an unaudited informational document  
prepared by management of the agency.]

LEGISLATIVE AUDITOR  
BATON ROUGE LA 70804

DATA COLLECTION FORM  
FOR REPORTING ON STATE AND LOCAL GOVERNMENT AND QUASI-PUBLIC AGENCIES

The federal data collection form may be used as a substitute for  
this form.

Date Submitted 12/27/12

TOTAL ACTUAL COST OF ENGAGEMENT \$ 12,800

RETURN to: Legislative Auditor ([ereports@lla.la.gov](mailto:ereports@lla.la.gov)) or  
Attn: Engagement Processing  
Post Office Box 94397  
Baton Rouge, Louisiana 70804-9397

1. Fiscal Year Ending Date For This Submission:

6 / 30 / 12

3. Audit Period Covered

☒ Annual

☐ Other \_\_\_\_\_ to \_\_\_\_\_

2. Type of Report:

☐ Single Audit ☒ GAO (Yellow Book) Audit

☐ Compilation ☐ Review/Attestation

☐ Program Audit ☐ Other

Total Revenues and other sources, all funds \$ 1,392,175

4. AUDITEE INFORMATION

Auditee Name

Town of Grand Coteau

Street Address (Number and Street)

Mailing Address (PO No.)

PO Drawer G

City

State

Zip

Grand Coteau

LA

70584

Auditee Contact

Name

Title

Denise Moore

Clerk

Telephone

Fax

337-662-5246

337-662-5701

Email (Optional)

5. AUDITOR INFORMATION

Firm Name

John S. Dowling & Company

Street Address (Number and Street)

4766 I-49 N Service Road

Mailing Address (PO No.)

PO Box 1549

City

State

Zip

Opelousas

LA

70571-1549

Auditor Contact

Name

Title

Dana D. Quebedeaux

CPA

Telephone

Fax

337-948-4848

337-948-6109

Email (Optional)

[Dana@jsdc-cpas.com](mailto:Dana@jsdc-cpas.com)

Component Units Included Within the Report and for Which No Separate Report Will Be Issued:

If there are no modifications to the auditor's financial opinion, no reported deficiencies in internal control, no reported instances of noncompliance, no management letter, and no prior year findings, check this box and do not complete the rest of the form. ☐

6. FINANCIAL STATEMENTS

a. Type of audit report on financial statements. ☐ Not Applicable

☒ Unqualified Opinion ☐ Qualified Opinion ☐ Adverse Opinion ☐ Disclaimer of Opinion

b. Is a 'going concern' explanatory paragraph included in the audit report?

☐ Yes ☒ No

c. Do any of the funds have deficit balances?

☐ Yes ☒ No

7. INTERNAL CONTROL

Do the comments on internal control include: ☐ material weaknesses ☒ significant deficiencies

8. COMPLIANCE

Do the comments on compliance include: ☐ criminal acts ☐ fraud and abuse ☒ not applicable

9. CURRENT YEAR MANAGEMENT LETTER (Finding Caption and No.)

2012-3 Reimbursement of Employee's Social

Security and Medicare

Resolved ☐ Yes ☐ No ☐ No Longer Applicable

Resolved ☒ Yes ☐ No ☐ No Longer Applicable

Resolved ☐ Yes ☐ No ☐ No Longer Applicable

10. SCHEDULE OF CURRENT YEAR FINDINGS/QUESTIONED COSTS (Finding Caption and No.)

2012-1 Lack of Segregation of Duties

\$ \_\_\_\_\_

Resolved ☐ Yes ☒ No ☐ No Longer Applicable

2012-2 Budget Presentation

\$ \_\_\_\_\_

Resolved ☐ Yes ☒ No ☐ No Longer Applicable

\$ \_\_\_\_\_

Resolved ☐ Yes ☐ No ☐ No Longer Applicable

\$ \_\_\_\_\_

Resolved ☐ Yes ☐ No ☐ No Longer Applicable

\$ \_\_\_\_\_

Resolved ☐ Yes ☐ No ☐ No Longer Applicable

Do any findings address nepotism, ethics violations or related party transactions? ☐ Yes ☐ No

Do any findings address violation of bond indenture covenants? ☐ Yes ☐ No

11. SCHEDULE OF PRIOR YEAR FINDINGS/QUESTIONED COSTS/MANAGEMENT LETTER COMMENTS

(Finding/Comment Caption and No.)

2011-1 Lack of Segregation of Duties

Resolved ☐ Yes ☒ No ☐ No Longer Applicable

2011-2 Fund Deficit in General Fund

Resolved ☒ Yes ☐ No ☐ No Longer Applicable

2011-3 Reimbursements of Employee's Social

Resolved ☐ Yes ☒ No ☐ No Longer Applicable

Security and Medicare

Resolved ☐ Yes ☐ No ☐ No Longer Applicable

Resolved ☐ Yes ☐ No ☐ No Longer Applicable

CPA SIGNATURE

AUDITEE SIGNATURE

*Dana Quebedeaux, CPA*  
*Therese A. Pierre*

Date 12/21/12

Date 12/26/12

James L. Nicholson, Jr., CPA  
G. Kenneth Pavy, II, CPA  
Michael A. Roy, CPA  
Lisa Trouille Manuel, CPA  
Dana D. Quebedeaux, CPA



**JOHN S. DOWLING & COMPANY**  
A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS

December 26, 2012

The Honorable Mayor,  
and Members of the Board of Aldermen and Alderwomen  
Grand Coteau, Louisiana

John S. Dowling, CPA  
1904-1984  
John Newton Stout, CPA  
1936-2005  
Chizal S. Fontenot, CPA  
1955-2012

Retired

Harold Dupre, CPA  
1996  
Dwight Ledoux, CPA  
1998  
Joel Lanclos, Jr., CPA  
2003  
Russell J. Stelly, CPA  
2005

We have audited the financial statements of the Town of Grand Coteau, Louisiana, as of and for the year ended June 30, 2012, and have issued our report thereon dated December 26, 2012. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

As part of our examination, we have issued our report on the financial statements, dated December 26, 2012, and our report on internal control and compliance with laws, regulations, contracts, and grants dated December 26, 2012. This letter does not affect our report dated December 26, 2012 on the financial statements of the Town of Grand Coteau.

During our audit, we became aware of the following matter which represents a suggestion for improved internal controls or immaterial deviations of noncompliance.

**Immaterial Deviations of Noncompliance**

**2012-3 Reimbursement of Employee's Social Security and Medicare**

Condition: The Town of Grand Coteau reimburses employees their portion of social security and medicare. Beginning in January of 2011, when the law reduced the employee's percentage of social security by 2%, the Town was deducting 4.2% from each employee's payroll check and reimbursing them 6.2%, thereby paying an additional 2% to each employee.

Criteria: According to Louisiana Revised Statute 42:1111, no public employee shall receive anything of economic value, other than compensation and benefits from the governmental entity to which he is duly entitled, for the performance of the duties and responsibilities of his office or position.

Cause: The Town did not properly change its payroll accounting system to reflect the reduced 2% in social security for the deduction as well as the reimbursement on payroll checks.

Effect: The Town of Grand Coteau paid excess wages to employees through December 2011 when the error was identified.

Recommendation: We recommend that the Town of Grand Coteau change the payroll accounting system to properly reflect all aspects of the reduced employee percentage of social security.

Response: The Town had the payroll accounting system changed in December of 2011 to properly reflect the changes in the new law.

A handwritten signature in cursive script that reads "John S. Dowling &amp; Company". The signature is written in dark ink and is positioned above the typed name and date.

Opelousas, Louisiana  
December 26, 2012